



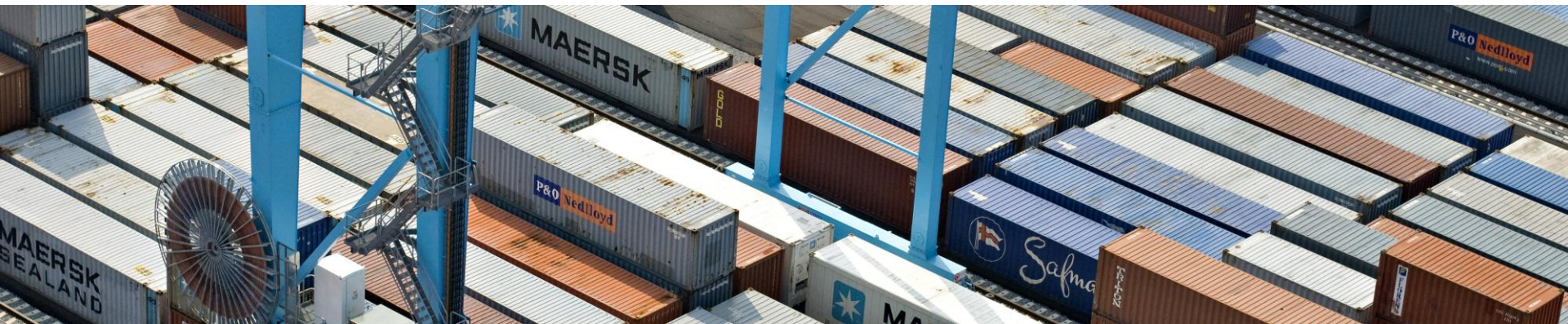
# APM Terminals

Copenhagen – 9 October 2012

 Lifting Global Trade..  
**APM TERMINALS**

# Agenda

- APM Terminals today
- Industry attractiveness
- Position
- Strategy
- Execution
- Conclusion



# APM Terminals – an independent, global ports developer and operator with significant growth potential





# Moving containers



# Running ports



# APM Terminals – a Glocal business

Commercial  
– **selling**  
our services



Portfolio management  
– **developing**  
our services



Operations  
– **delivering**  
our services



Implementation  
– **constructing**  
our services



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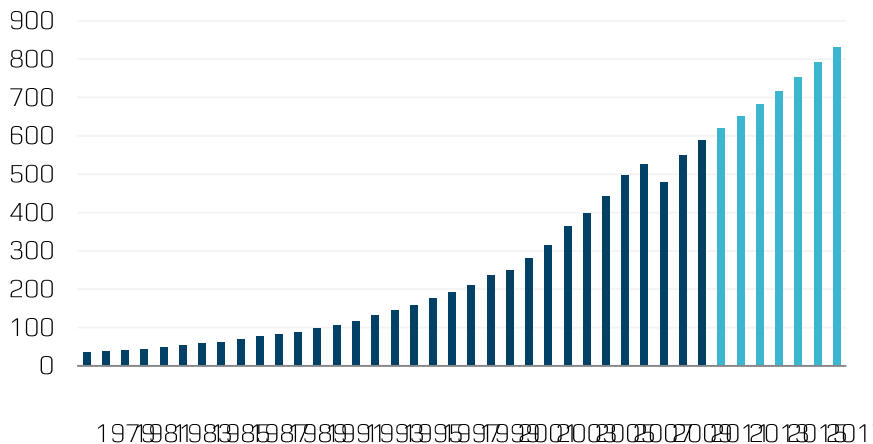


# Industry growth continues in "The new normal"

## Total market size (TEU mill)

■ Forecast based on 5% average annual growth

TEU million



Source: Drewry Shipping Consultants, August 2012

## Demand drivers in "The new normal"

### Emerging Markets

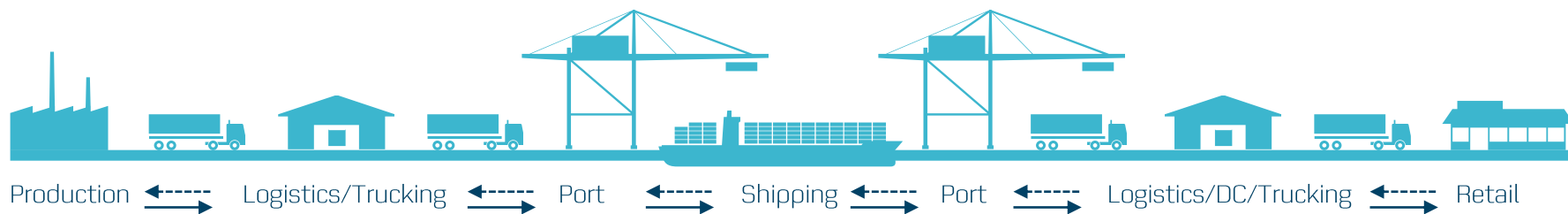
- Growing middle class
- Urbanisation and increased participation in global trade
- Growing containerization from very low levels

### Mature Markets

- Demand for highly efficient T/S hubs to serve ever larger ships
- Demand for deep draft at strategic gateways



# A vital part of the transportation value chain



## Why is the container port industry attractive?

- High entry barriers (investments, operational risks, regulatory)
- Local supply/demand balance is well managed
- No substitution threat

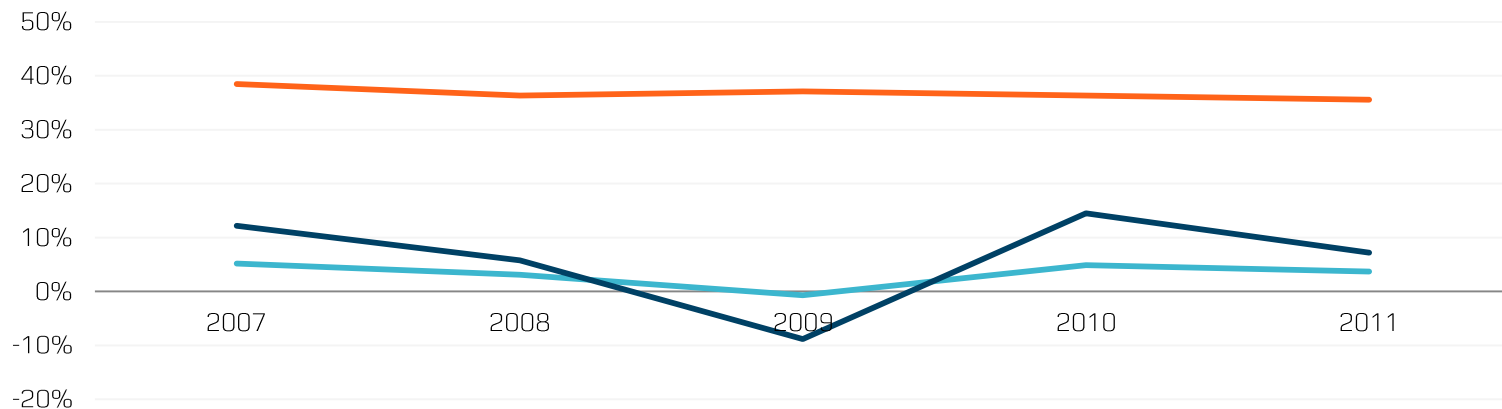


**Bottlenecks**

# Stable long term cash flow – even during crisis

## Top 4 Operators Average EBITDA margin vs. World GDP and trade growth

— World GDP Growth — Global Trade Growth — Industry EBITDA %

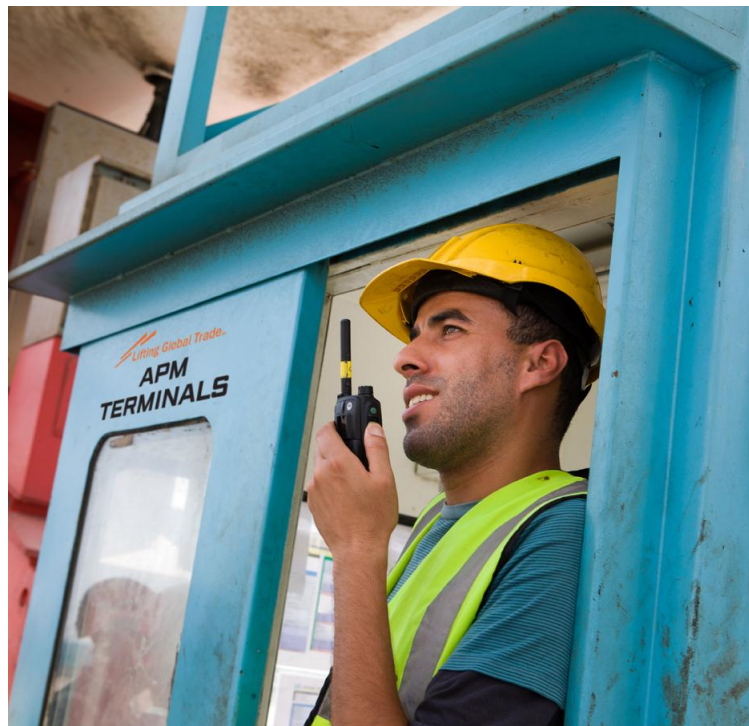


\* Includes APM Terminals, DP World, HPH and PSA

Sources: CIA world fact book, Drewry and company websites

# An attractive industry

- High growth
  - Min 5% p.a.
- High entry barriers
  - Capital requirements, operational capabilities, relationships
- Bottlenecks
- Stable, long term cash flows





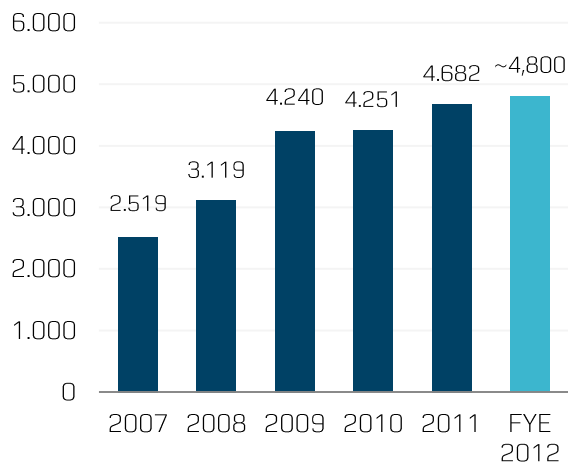
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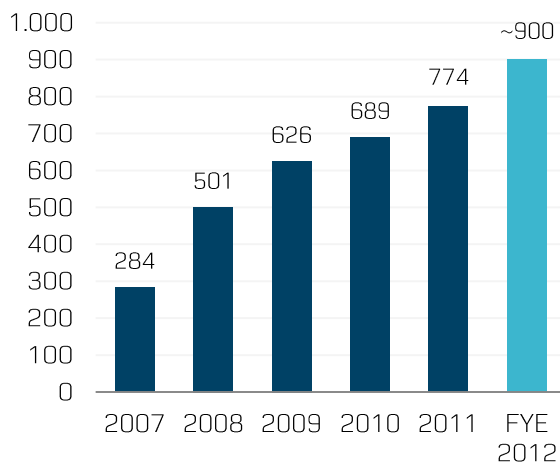


# Track record of growth and growing profitability

## Revenue, USD mill

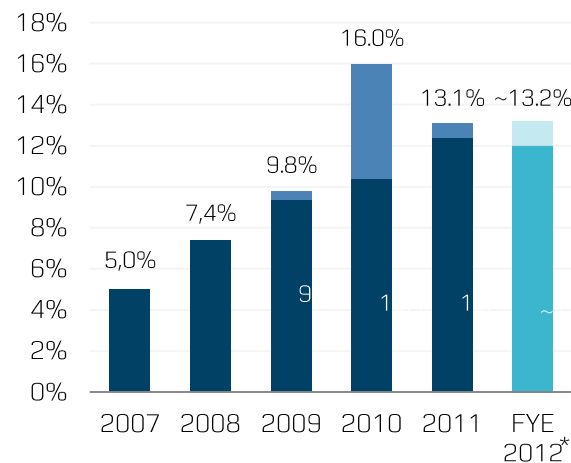


## Operating Cash Flow, USD mill



## ROIC

■ Extraordinary items



Note:

\* Excluding impact of acquisition of shares in Global Ports

# #1 in winning new business 2011/2012

## APM Terminals

### Poti

0.6mTEU – Aquisition

### Moin

2.7mTEU – Greenfield

### Callao

3.0mTEU – Concession

### Gothenburg

2.0mTEU – Concession

### Lazaro Cardenas

2.0mTEU – Concession

### Russia portfolio

4.3mTEU – Aquisition

## HPH

### Ajman Port

0.2mTEU – Concession

## PSA

### Damman

1.8mTEU – Greenfield

## DPW

### Surinam

0.1mTEU – Concession

## ICTSI

### Rijeka

0.5mTEU – Concession

### Pakistan

0.75mTEU – Aquisition

### Jakarta

Conversion

### Lekki

2.5mTEU – Greenfield



# Higher ROIC than competition, but lower EBITDA margin



USD mill.	2011	2011	2011	2011
Revenue	4,682	2,978	4,177	3,429
EBITDA	1,059	1,307	1,509	1,556
EBITDA %	23%	44%	36%	45%
EBIT *	767	1,116	1,057	1,316
EBIT ROIC **	15%	8%	n.a.	13%
EBIT ROIC before special items	15%	6%	n.a.	13%

Note:

\* EBIT under influence of one-off divestment gains

\*\* EBIT ROIC formula: EBIT divided by Invested Capital

# Higher growth, improved returns versus competition

## Growth in Revenue 2007–2011

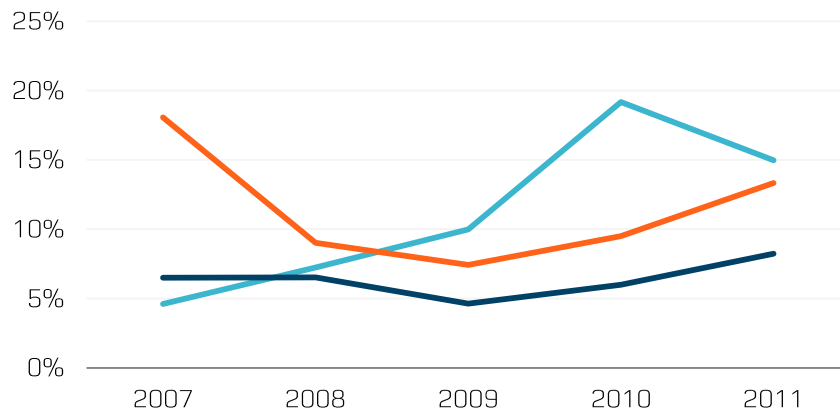
APM Terminals	86%
DP World	9%
HPH	-14%
PSA	4%

### Notes:

- Inauguration of new terminals and the addition of Inland Services as from 2010 have contributed to APMT revenue growth.
- The growth for HPH and DP World is affected by IPO of HPH Trust and DP World's partnership with Citi Infrastructure Investors in Australia respectively.
- For HPH, ROIC is not available.

## EBIT ROIC

— APMT — DPW — PSA



# APM Terminals has a strong position

## As a Developer:

Relationships

Reputation

Balance Sheet

## As an Operator:

Strategic customers

Global capabilities

Strong network



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# The road to USD 1bn NOPAT

**Become the leading port and inland operator by 2016, generating top quartile sustainable ROIC by:**

- Serving global carriers and cargo owners in long term partnerships through safe and excellent operations
- Actively managing the portfolio and developing port infrastructure and inland services in high growth markets



# Clear strategic objectives & targets

## Strategic Objectives

Most Profitable

**Top quartile return on capital, min 12%**

Earn The Customer

- Top quartile growth
- Emerging market focus
- Customer Satisfaction Score

Take Cost Out

- Top quartile ops and cost performance against local competition

Drive Performance

- Top quartile Safety performance
- Top quartile Engagement
- Active Portfolio Management

## Mid Term Targets

	2011	2012 F	2016 F
<b>ROIC</b>	<b>13.1%</b>	<b>13.2%</b>	<b>13.0%</b>
Number of terminals	56	57	65–70
Revenue (USD bn)	4.6	4.8	6.0
EBITDA (USD bn)	1.0	1.1	1.6
NOPAT (USD bn)	0.6	0.7	1.0

# Strategic risks are continuously monitored and mitigation plans developed

Global economic slowdown

Lack of sufficiently qualified people to manage growth

Change in trade patterns

Country Risk in emerging markets

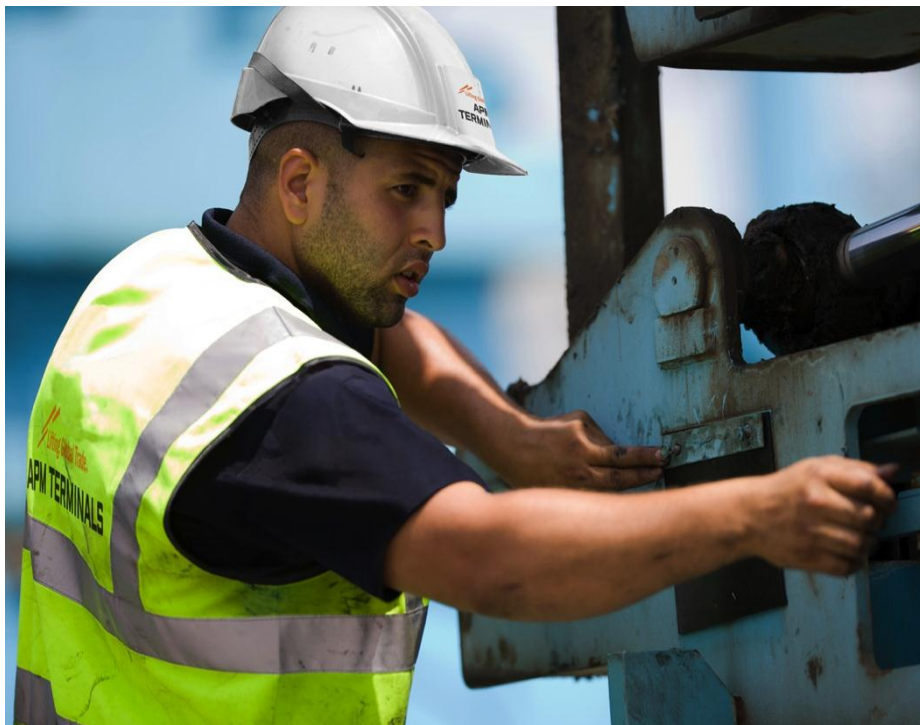
## Mitigating actions

- Portfolio diversification
- Long term customer contracts
- Customer relationships
- Variable cost structure
- Strong local presence and network
- HR planning
- Talent development programmes

# APM Terminals

## – clear road to USD 1.0 bn

- Become the leading port operator
  - Top Quartile ROIC, min 12%
  - USD 1bn NOPAT by 2016
- Earn The Customers
- Take Cost Out
- Drive Performance
- Effectively manage risks





# Agenda

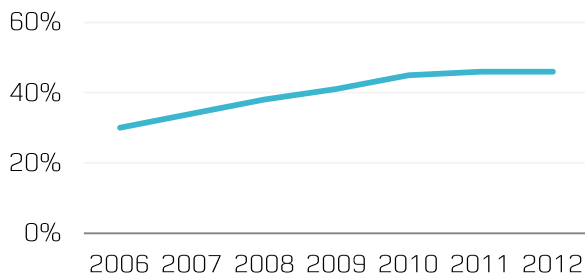
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# Earn the Customers: Partnerships and joint value

## Other customers than Maersk Line

Share of volume



## Partnerships

- Strategic dialogue with customers
- Key Client Management programme
- Joint venture terminal projects



Larger vessels and focus on fuel cost savings generate need for reliability and efficiency in ports

## Joint value

- Performance based contracts
- Expanded service offering through Inland Services
- Lifting productivity

# Global Transformation – lifting the productivity

## Why?

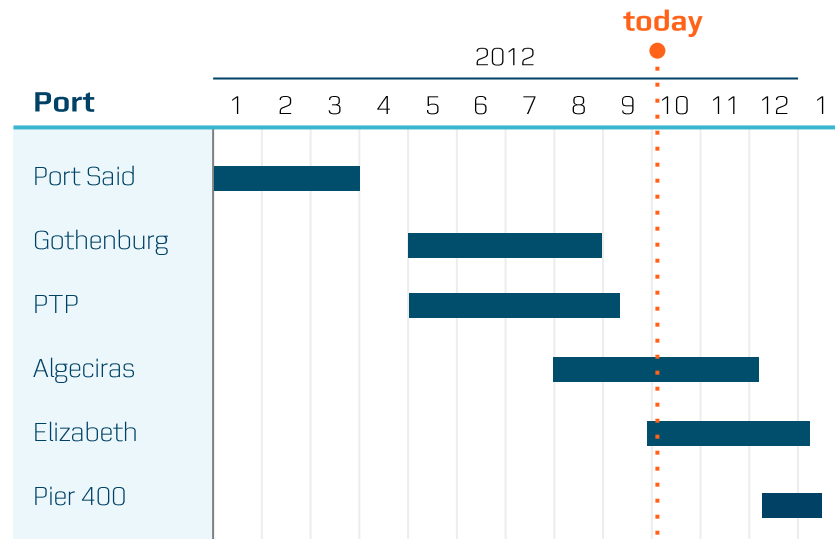
- High priority for our customers
- Large variety across portfolio
- Productivity improvements 'adds' capacity and reduce cost

## What?

- 15% increase in crane productivity
- USD 200 mill cost savings

## How?

- Inject industrial expertise into terminal operations
- Share best practices
- Global standards



# Safety: Our main challenge

Falling objects



Lashing



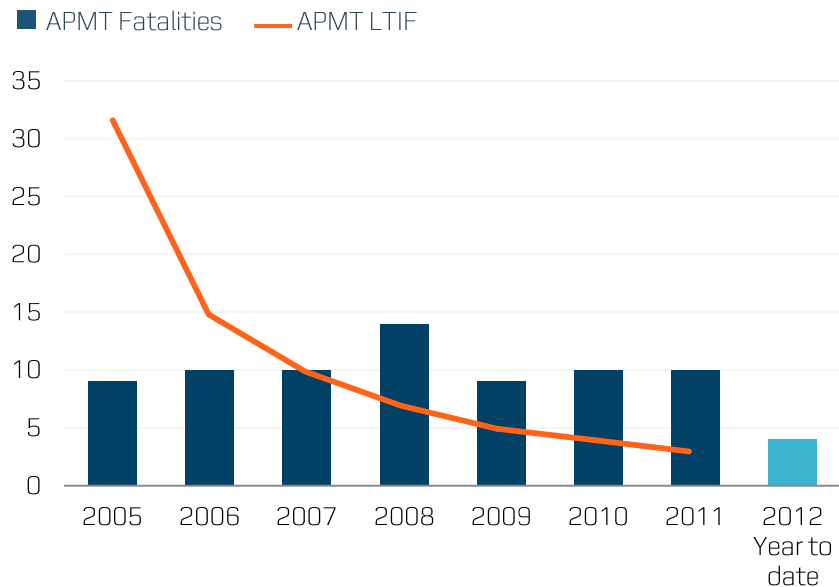
Traffic



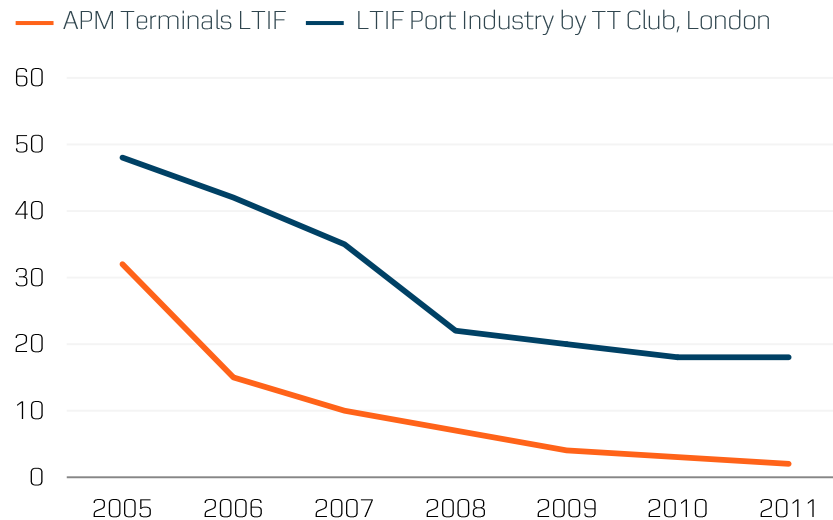
Working at heights



# Safety: Performance and position



Fatalities have not been eliminated



# Safety: Objectives and actions

## Objectives:

- Zero fatalities
- 30% reduction in high severity incidents year on year

## Actions:

- Safety activist
- Separate man and machine
- Global Minimum Standards

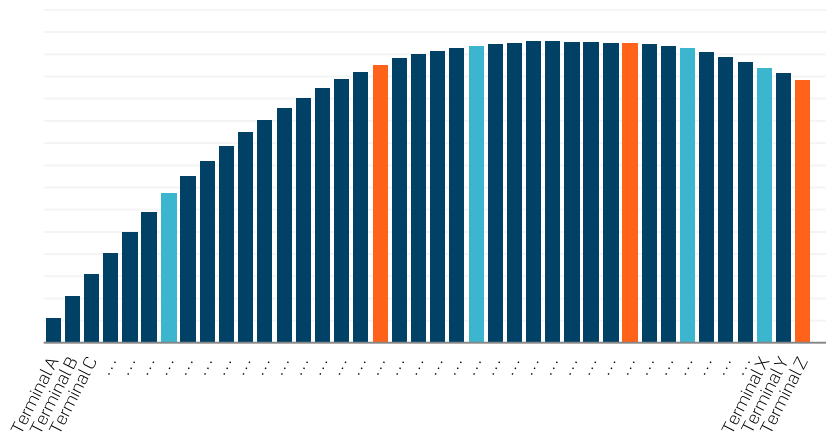




# Portfolio management – lifting financial returns

Rigorous benchmarking and annual portfolio review to identify candidates for portfolio adjustments

Accumulated economic profit



## Selected portfolio adjustments 2008–2012

Exit	Entry	Consolidation
Yantian	Monrovia	Aarhus
Dunkirk	Santos	Virginia
Oakland	Mobile	
Kingston	Apapa	
Port Qasim	Bahrain	
Cagliari	Mumbai	
	Cai Mep	
	Jadeweser	
	Poti	
	Callao	
	Moin	
	Gothenburg	
	Lazaro	
	Cardenas	

# Implementation – lifting expertise and innovation

- USD 3bn capex programme (~USD 1bn annual spend)
- Separate organizational unit in The Hague
- Leading within innovation and automation
  - Massvlakte II becoming a state-of-the-art facility

## Project examples

### New terminals

Santos  
Maasvlakte II  
Moin  
Lazaro Cardenas

### Expansions

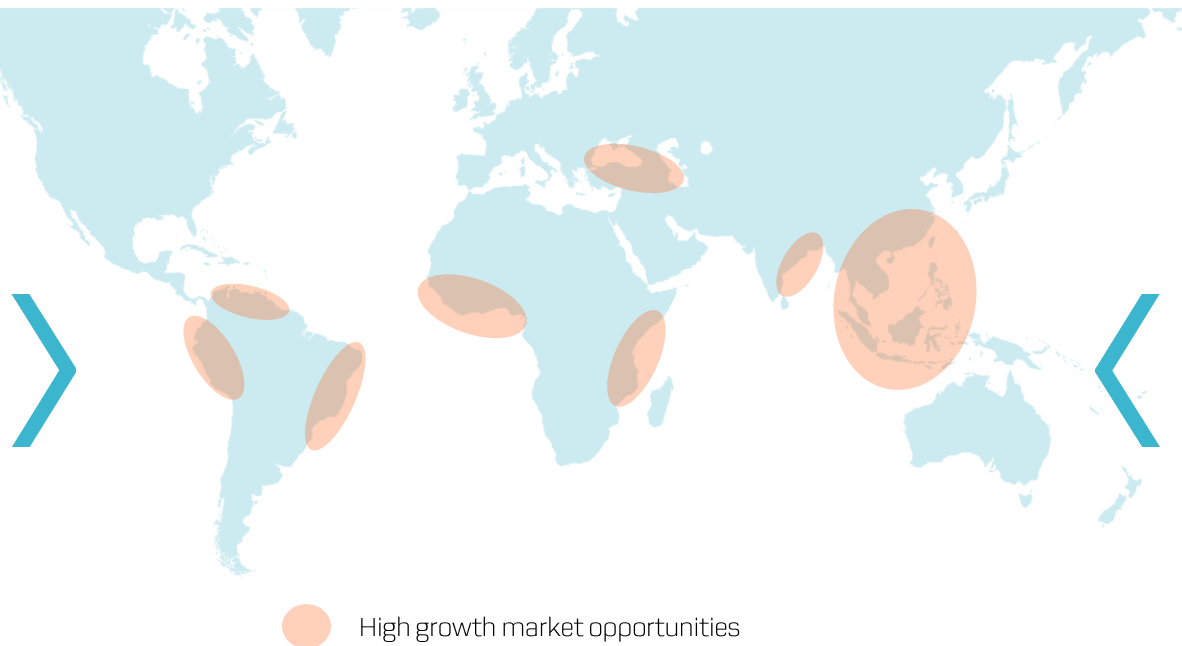
Luanda  
Apapa  
Pipavav  
Port Said (SCCT)



# Future Projects – resolving bottlenecks

## Key trends

- Bottleneck in high growth markets
- Privatizations
- Financial investor exits
- Emerging regional players
- Infrastructure funds
- Access to capital



## Investment guidelines

- IRR
- Payback
- Shareholding structure
- Legal protection
- Reputable Partners

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# APM Terminals – sustainable, profitable growth



## What makes us strong:

- Strategic customer relationships
- Capabilities
- Track record
- Part of strong Group



## What will make us stronger:

- Winning new projects
- Implementing on time within budget
- Lifting productivity and performance
- Improving Safety



